

Direct Repair Programs and Labor Rate Surveys

Section 2698.91

Auto Body Repair Labor Rate Surveys

(a) An "auto body repair labor rate survey" or "survey" is any gathering of information, ~~from auto body repair shops~~ regarding what auto body repair labor rate the repair shops charge, used to determine and set a specified prevailing auto body repair rate in a specific geographic area and used by the insurer as a basis for determining the cost to settle automobile collision, physical damage, and liability claims for auto body repairs.

(1) Insurers shall either conduct the survey in writing or maintain written records of the information gathered by any method other than writing.

(2) Upon request, the department shall have access to all records, data, computer programs, or any other information used by the insurer or any other source to determine geographical area labor rate information.

(b) "Prevailing auto body rate" means the most commonly occurring rate determined and set by an insurer as a result of conducting an auto body labor rate survey of charged by auto body repair shops in a particular geographic area, -and used by the insurer as a basis for determining the cost to settle automobile collision, physical damage, and liability claims for auto body repairs.

(c) Any labor rate survey results reported to the Department of Insurance pursuant to Insurance Code section 758 shall include the following:

- (1) The name of each auto body repair shop surveyed in the labor rate survey and the labor rate amount charged by that particular shop;
- (2) The address of each auto body repair shop surveyed in the labor rate survey;
- (3) The total number of shops surveyed in the labor rate survey and the total number of shops that responded to the survey;
- (4) The prevailing rate ~~established~~ determined and set by the insurer for each geographic area surveyed;
- (5) A description of the specific geographic area covered by the prevailing labor rate reported and the number of shops surveyed within the specified geographical area.

(A) The description shall list the zip codes or groups of zip codes designated within the specific geographic area surveyed.

(B) No designated geographic area shall include less than 10 shops, unless there are not ten shops within that designated geographic area.

(C) A designated geographic area shall not be less than a zip code area.

- (6) A description of the formula or method the insurer used to ~~calculate or determine~~ and set the specific prevailing auto body rate reported for each specific geographic area.
- (7) Date the survey was completed.

~~Any confidential information not required by this section should be removed from the labor rate survey results prior to submitting the survey to the Department of Insurance.~~

- (d) Insurers shall not use any rate negotiated or contracted with members of its Direct Repair Program, as defined in section 2698.90, or any other auto body repair shop, as part of a labor rate survey to determine and set the prevailing auto body rate in a specific geographic area. Nothing in these regulations shall be construed to preclude an insurer from including the non-contracted rate of members in its Direct Repair Program in its survey.
- (e) Nothing in these regulations shall be construed to require an insurer to pay more than the amount necessary to perform workmanlike repairs.
- (f) Nothing in these regulations shall preclude an insurer from voluntarily negotiating and/or contracting with an automobile repair facility for a specific labor rate.
- (g) A survey submitted pursuant to Insurance Code section 758 and compliant with these regulations may be used to support the reasonableness of an insurers' adjustment of a written estimate provided by a claimant pursuant to section 2695.8(f)(3) of California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5. An insurer shall not use a survey to support the reasonableness of an insurer's adjustment, as described in this subsection, if the survey was conducted and submitted to the Department more than eighteen (18) months prior to its use.
- ~~(d)~~ (h) Insurers shall send the results of their labor rate survey to the Market Conduct Division of the Department of Insurance within 30 days of completing the labor rate survey. The Department shall designate the unit within the Department that will receive labor rate surveys. Any confidential information not required by this section should be removed from the labor rate survey results prior to submitting the survey to the Department of Insurance.
- ~~(e)~~ (i) The Department of Insurance will make the reports available upon written request to the Custodian of Record pursuant to the California Public Records Act, Government Code section 6250 et seq.
- (j) In order for the Department to more effectively make survey information available to the public, the Department may require that a survey be submitted in a standard electronic or other format in order to publish survey data on the Department's public web site.

Authority cited: Sections 758, 12921, and 12926, Insurance Code. Reference: Sections 758 and 790.03, Insurance Code; Section 6250-6276.48, Government Code; and Section 2695.8(f)(3) of California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5.